FIML NATURAL RESOURCES, LLC

February 21, 2006

Utah Division of Oil, Gas and Mining 1594 West North Temple, Suite 1210 P. O. Box 145801 Salt Lake City, UT 84114-5801

Attn.: Ms. Diana Whitney

RE: Ute Tribal #9-13-54

NESE Sec 13 T-5S R-5W Brundage Canyon Field Duchesne County, Utah

Dear Ms. Whitney:

Enclosed are an original and one copy of an application to drill concerning the referenced proposed well.

FIML (FNR) Natural Resources, LLC is requesting the Utah Division of Oil, Gas and Mining to hold this application and all future information as confidential.

If any questions arise or additional information is required, please contact the undersigned at 303-893-5090.

Sincerely,

Cassandra Parks
Operations Assistant

/cp

Enclosures:

FEB 2 3 2006

FIML NATURAL RESOURCES, LLC

February 15, 2006

Utah Division of Oil, Gas and Mining 1594 West North Temple, Suite 1210 P. O. Box 145801 Salt Lake City, UT 84114-5801

Attn.: Ms. Diana Whitney

RE: Exception Letter for the Ute Tribal #9-13-54

2,093' FSL & 912' FEL of Section 13 T-5S R-4W

Duchesne County, Utah

Dear Ms. Whitney:

FIML Natural Resources, LLC has no objection to the proposed Ute Tribal #9-13-54 well being drilled 2,093' FSL and **912**' FEL of Section 13 T-5S R-4W. The original "legal" drillsite location was moved due to severe topographic conditions. Moreover, the Ute Tribal representatives would not allow the drillsite to be placed at the legal location due to the severe topographic constraints.

FIML Natural Resources, LLC is the only owner within a 460 foot radius of the proposed well location.

The signature below is our written waiver of objection to UT Administrative Code R649-3-3.

Signature:

Name:

Rick L. Parks

Title:

Senior Vice President

Date:

February 15, 2006

FIML Natural Resources, LLC 410 17th Street, 9th Floor Denver, CO 80202

FEB 2 3 2006

FORM APPROVED Form 3160-3 OMB No. 1004-0137 Expires March 31, 2007 (April 2004) UNITED STATES 5. Lease Serial No. DEPARTMENT OF THE INTERIOR 14-20-H62-4894 BUREAU OF LAND MANAGEMENT 6. If Indian, Allotee or Tribe Name APPLICATION FOR PERMIT TO DRILL OR REENTER 7 If Unit or CA Agreement, Name and No. **✓** DRILL REENTER la. Type of work: 8. Lease Name and Well No. ✓ Oil Well Gas Well Single Zone ✓ Multiple Zone Ute Tribal 9-13-54 lb. Type of Well: 9. API Well Name of Operator 3-013-3307 FIML Natural Resources, LLC 3b. Phone No. (include area code) 10. Field and Pool, or Exploratory 3a. Address 303-893-5073 410 17th Street, Suite 900, Denver, CO 80202 **Brundage Canyon** 11. Sec., T. R. M. or Blk. and Survey or Area Location of Well (Report location clearly and in accordance with any State requirements.*) 40.045054 At surface NESE 2,093' FSL 912' FEL 56/674X 110.27705 At proposed prod. zone Same as above 44327481 Sec 13, T5S-R4W, U.S.B.&M. 12. County or Parish 13. State 14. Distance in miles and direction from nearest town or post office* 20.8 miles southwest of Myton, Utah Utah Duchesne 17. Spacing Unit dedicated to this well Distance from proposed* 16. No. of acres in lease 15. location to nearest property or lease line, ft. (Also to nearest drig, unit line, if any) 640 20. BLM/BIA Bond No. on file 18. Distance from proposed location* to nearest well, drilling, completed, 19. Proposed Depth applied for, on this lease, ft. 6,491' 8191-82-71 2,427' 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 22. Approximate date work will start* 23. Estimated duration 10/5/2006 Seven days 6,285' GL (Ungraded) 24. Attachments The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form: Bond to cover the operations unless covered by an existing bond on file (see 1. Well plat certified by a registered surveyor. Item 20 above). 2. A Drilling Plan. Operator certification 3. A Surface Use Plan (if the location is on National Forest System Lands, the Such other site specific information and/or plans as may be required by the SUPO shall be filed with the appropriate Forest Service Office). authorized officer.

25. Signature	Name (PrintedTyped) Mark Bingham	Date 02/15/2006
Title Senior Vice resident ?		
Approved by (Signature)	Name (Printed Typed) BRADLEY G. HII I	Date 03-07-06
Title	ENVIRONMENTAL MANAGER	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

UTE/FNR, LLC. T5S, R4W, U.S.B.&M. Well location, UTE TRIBAL #9-13-54, located as 4 3 shown in the NE 1/4 SE 1/4 of Section 13, T5S, W | WR4W, U.S.B.&M. Duchesne County, Utah. S89°03'08"W - 2623,25' (Meas.) S88'42'30"W - 2692.67' (Meas.) BASIS OF ELEVATION Set Stone, UEAC Position Re-Established Set Stone, 2.0' Cap on 5/8" Rebar Using Bearing Tree Information (Not Set High Pile of Stones #2454 BRASS CAP SET IN CONCRETE BY SUNRISE ENGINEERING on Ground) LOCATED IN THE SE 1/4 OF SECTION 16, T5S, R3W, U.S.B.&M. SAID ELEVATION IS MARKED AS BEING 6281.9 FEET. BASIS OF BEARINGS BASIS OF BEARINGS IS A G.P.S. OBSERVATION. Set Stone Set Stone, 0.8' High Pile of UTE TRIBAL #9-13-54 Stones, Lath 912' Elev. Ungraded Ground = 6285 SCALE CERTIFICATE THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF REGISTERED LAND SURVEYOR REGISTRATION NO. 161319 STATE OF UTAH Set Stone, Two Revised: 01-06-06 D.R.B. Set Marked Stone. Bearing Trees Pile of Stones S88'23'07"W - 2615.21' (Meas.) UINTAH ENGINEERING & LAND SURVEYING S88°32'30"W - 2630.75' (Meas.) Set Marked Stone, Pile of Stones 85 SOUTH 200 EAST - VERNAL, UTAH 84078 (NAD 83) LEGEND: LATITUDE = $40^{\circ}02'42.09''$ (40.045025) (435) 789-1017 LONGITUDE = $110^{\circ}16'41.70''$ (110.278250) SCALE DATE SURVEYED: DATE DRAWN: = 90° SYMBOL 1" = 1000'(NAD 27) 03 - 16 - 0503-17-05 = PROPOSED WELL HEAD. PARTY LATITUDE = $40^{\circ}02'42.23''$ (40.045064) REFERENCES S.H. L.M. D.R.B. G.L.O. PLAT LONGITUDE = 110'16'39.15" (110.277542) = SECTION CORNERS LOCATED. WEATHER = SECTION CORNERS RE-ESTABLISHED. (Not Set On Ground) COOL UTE/FNR, LLC.

SELF CERTIFICATION STATEMENT

The following self-certification statement is provided per federal requirements dated June 15, 1988.

Please be advised that FIML Natural Resources, LLC is considered to be the operator of the following well.

Ute Tribal 9-13-54

NE/4 SE/4 2,093' FSL 912' FEL, Section 13 T-5S, R-4 W U.S.B. & M.

Lease BIA: 14-20-H62-4894

Duchesne County, Utah

FIML Natural Resources, LLC is responsible under the terms of this lease for the operations conducted upon lease lands.

Rick L. Parks

Operations Manager

FIML Natural Resources, LLC

410 17th Street

Suite 900

Denver, Colorado 80202

(303) 893-5081

FIML NATURAL RESOURCES, LLC

Ute Tribal 9-13-54 NESE 2,093' FSL 912' FEL Sec 13, T-5S, R-4W, U.S.B. & M. Duchesne County, Utah BIA Lease Number 14-20-H62-4894

DRILLING PROGRAM

surface

1. Estimated Tops of Geological Markers:

Formation Depth

Uinta

Green River

1,416' (top based on FIML Natural Resources, LLC
Green River structure map dated September 26, 2005)

Mahogany Bench

2,772' (top based on FIML Natural Resources, LLC
Mahogany Bench structure map dated September 26, 2005)

Garden Gulch

3,664' (top based on FIML Natural Resources, LLC
Garden Gulch structure map dated September 26, 2005)

Douglas Creek

4,577' (top based on FIML Natural Resources, LLC
Douglas Creek structure map dated September 26, 2005)

Castle Peak 5,508' top based on FIML Natural Resources, LLC Castle Peak structure map dated September 26, 2005)

Uteland Butte Ls. 5,942' (top based on FIML Natural Resources, LLC Uteland Butte structure map dated September 26, 2005)

Wasatch 6,141' (top based on FIML Natural Resources, LLC

Wasatch structure map dated September 26, 2005)

Total Depth 6,491'

2. Estimated Depths of Anticipated Water, Oil, Gas, or Other Minerals:

Substance Formation Depth

4,577' (top based on FIML Natural Resources, LLC Oil/Gas Douglas Creek Douglas Creek structure map dated September 26, 2005) 5.508'(top based on FIML Natural Resources, LLC Oil/Gas Castle Peak Castle Peak structure map dated September 26, 2005) 5,942'(top based on FIML Natural Resources, LLC Oil/Gas **Uteland Butte** Uteland Butte structure map dated September 26, 2005) 6,141'(top based on FIML Natural Resources, LLC Oil/Gas Wasatch Wasatch structure map dated September 26, 2005) Other Mineral Zones N/A

-1-

3. Pressure Control Equipment:

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

4. Proposed Casing and Cementing Program:

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

5. Drilling Fluids Program:

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

6. Evaluation Program:

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

7. Abnormal Conditions:

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

8. Anticipated Starting Dates and Notification of Operations:

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

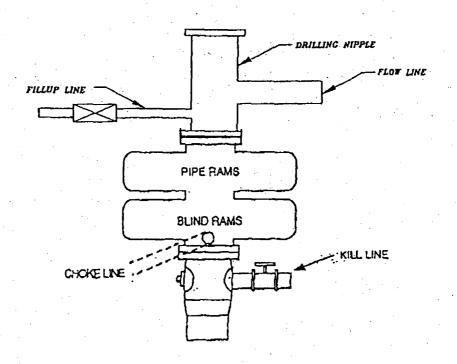
9. Other Information:

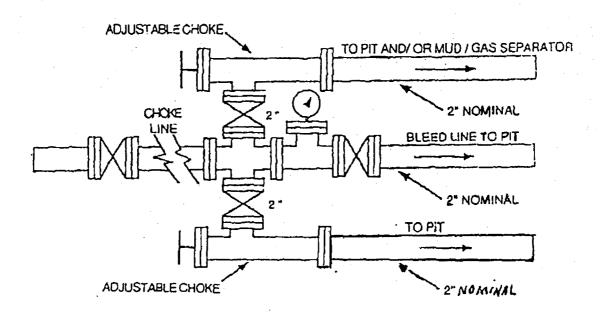
Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

2M SYSTEM

BLOWOUT PREVENTER FOR HIGH PRESSURE WELLS
900 SERIES MINIMUM
2000# psi W.P.

BOP 6" X 3000 PSI or 10" X 3000 PSI





FIML NATURAL RESOURCES, LLC

Ute Tribal 9-13-54 NESE 2,093' FSL 912' FEL, Sec 13, T-5S, R-4W, U.S.B. &M. Duchesne County, Utah Lease Number 14-20-H62-4894

Onshore Order No. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads

- A. Start in Myton, Utah. Proceed west on US Highway 40 8.8 miles to the Antelope Creek/Sowers Canyon Road at the Bridgeland turnoff. Turn south and proceed 6.3 miles on the Sowers Canyon Road. Turn south on the Antelope Canyon Road and proceed 3.6 miles. Turn west and proceed west southwest approximately 1.4 miles. Turn north and proceed approximately 0.5 miles to Mountain Oil's Ute Tribal 13-15x. Continue northeast for approximately 0.3 miles to the proposed access road for the Ute Tribal 9-13-54. Continue on the proposed access road for approximately 0.1 miles to the proposed Ute Tribal 9-13-54 location.
- B. The proposed well site is located approximately 20.8 miles southwest of Myton, Utah See attached Topographic Map "A".
- C. Refer to attached Topographic Map "A".
- D. Existing roads will be maintained and repaired as necessary. No off lease Right-of-Way will be required.

2. Planned Access Roads

See Topographic Map "B" for the location of the proposed access road.

3. Location of existing wells within a one mile radius of proposed well location

See Topographic Map "C" for the location of existing wells within a one-mile radius.

4. Location of Existing and /or Proposed Facilities

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

5. Location and Type of Water Supply

- A. Water supply will be from East Duchesne Water District, Arcadia, Utah. Section 28, T-3S, R-3W, Duchesne County, Utah. The water right number is 43-10152.
- B. Water will be hauled by Ute Tribal Water Service.
- C. No water well will be drilled on the lease.

6. Source of Construction Materials

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

7. Method of Handling Waste Materials

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

8. Ancillary Facilities

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

9. Well Site Layout

The attached Location Layout diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, pipe racks, trailer parking, spoil dirt stockpile(s) and top soil stockpile(s).

10. Plans for Restoration of the Surface

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

11. Surface Ownership

Access Road: <u>Ute Indian Tribe</u> Location: <u>Ute Indian Tribe</u>

12. Other Information

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

13. Operator's Representative and Certification

Name:

Rick L. Parks

Address:

410 17th Street

Suite 900

Denver, Colorado 80202

Cellular No. 303-229-7689

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations and Onshore Oil and Gas Orders. FIML Natural Resources, LLC is fully responsible for the actions of its subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions that presently exist; that the statements made in this plan are, to the best of my knowledge and belief, true and correct; and that the work associated with operations proposed herein will be performed by FIML Natural Resources, LLC and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it was approved. This statement is subject to the provisions of 18 U.S. C. 1001 for the filing of a false statement.

Rick L. Parks

Operations Manager

FIML Natural Resources, LLC

EPA's LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

- Unused fracturing fluids or acids
- Gas plant cooling tower cleaning wastes
- Painting wastes
- Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spend solvents, spilled chemicals, and waste acids
- Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste
- Refinery wastes
- Liquid and solid wastes generated by crude oil and tank bottom reclaimers
- Used equipment lubrication oils
- Waste compressor oil, filters, and blowdown
- Used hydraulic fluids
- Waste solvents
- Waste in transportation pipeline-related pits
- Caustic or acid cleaners
- Boiler cleaning wastes
- Boiler refractory bricks
- Incinerator ash
- Laboratory wastes
- Sanitary wastes
- Pesticide waste
- Radioactive tracer wastes
- Drums, insulation, and miscellaneous solids

UTE/FNR, LLC

UTE TRIBAL #9-13-54

LOCATED IN DUCHESNE COUNTY, UTAH **SECTION 13, T5S, R4W, U.S.B.&M.**

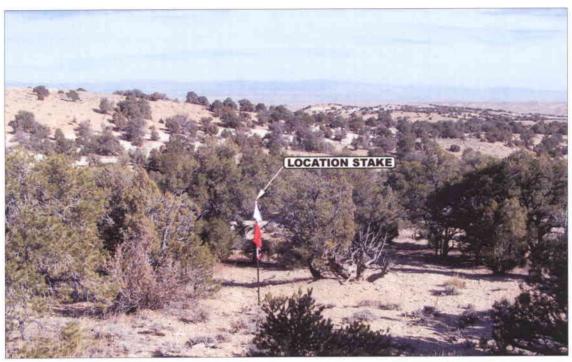


PHOTO: VIEW OF LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY

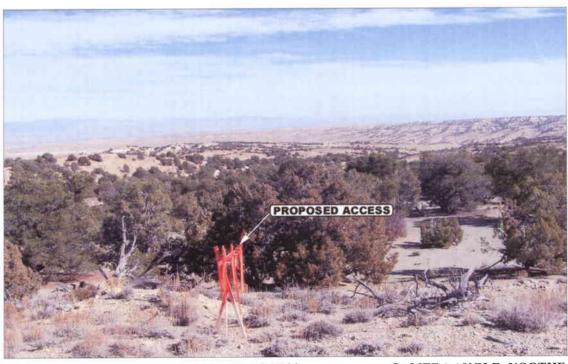


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



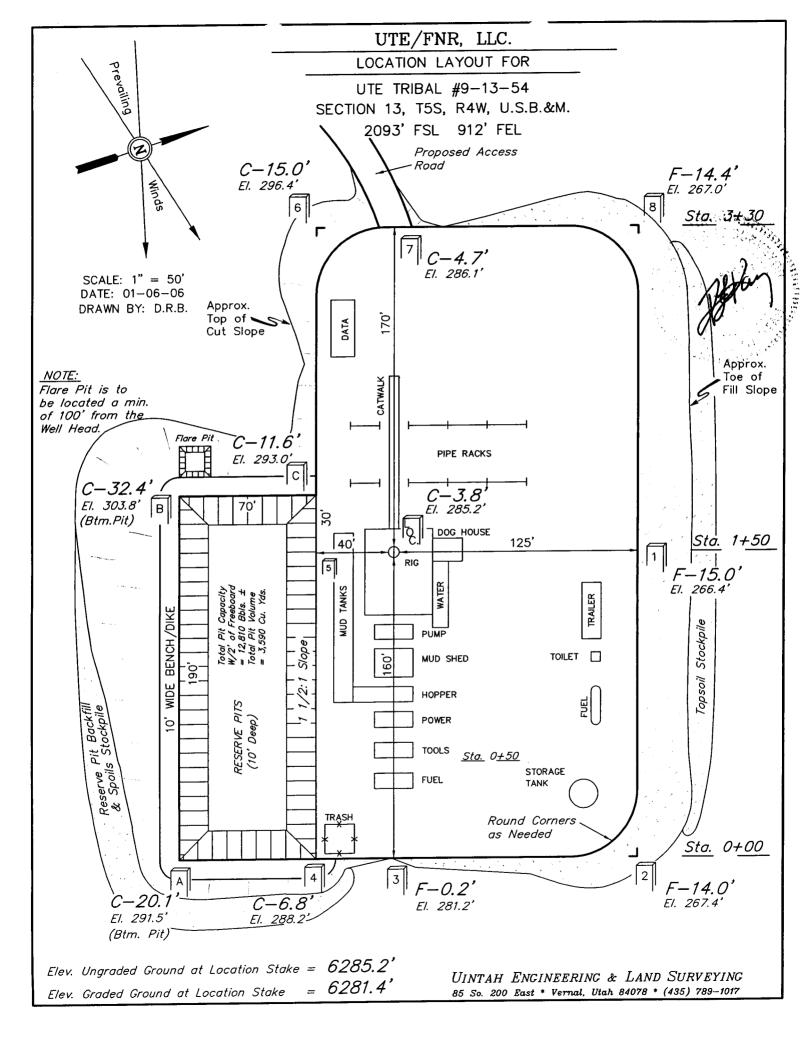
Uintah Engineering & Land Surveying 85 South 200 East Vernal, Utah 84078 435-789-1017 uels@uelsinc.com

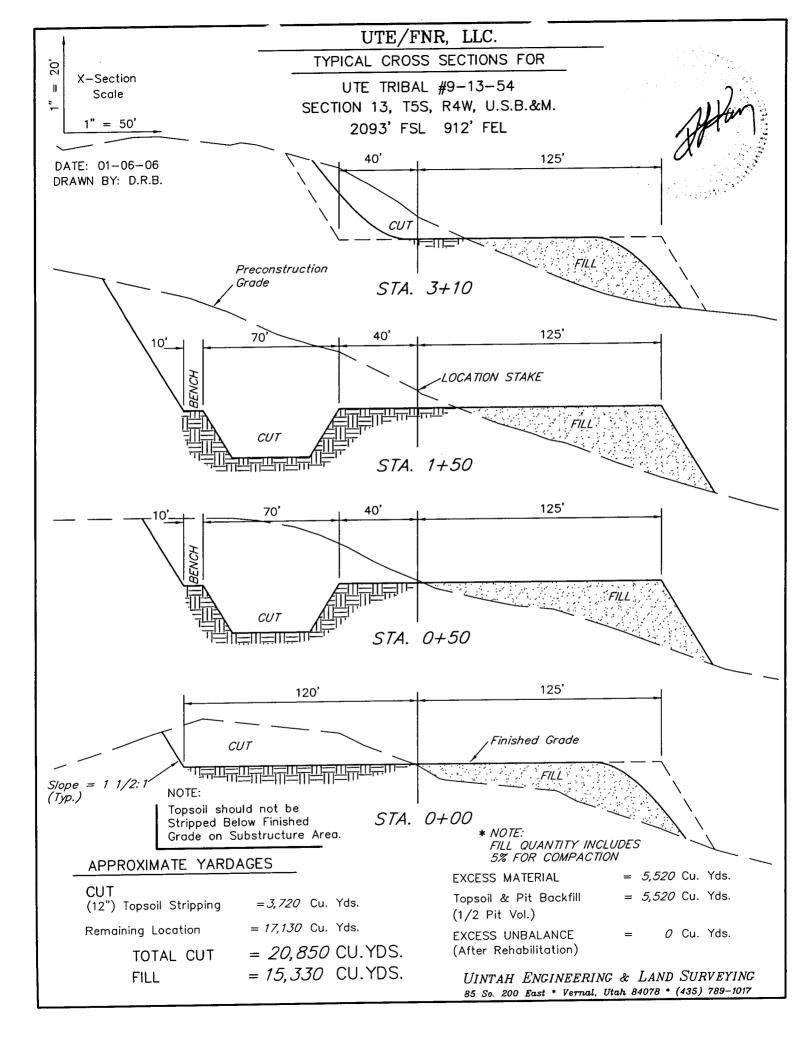
LOCATION PHOTOS

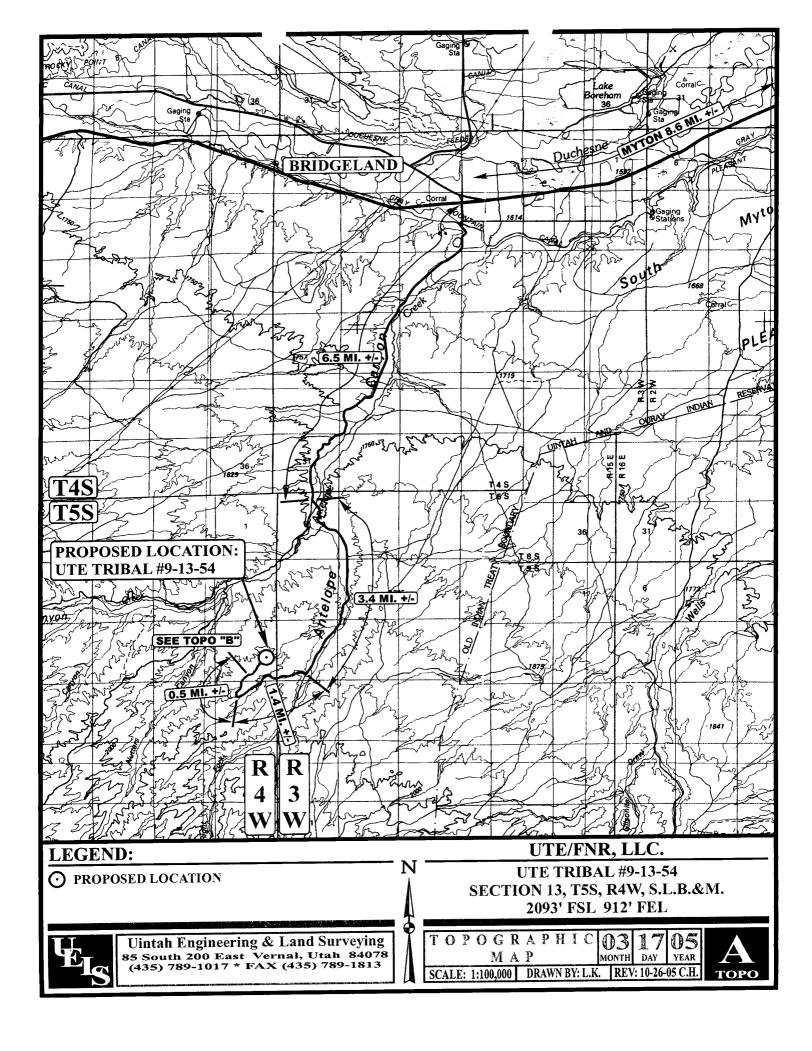
MONTH DAY YEAR

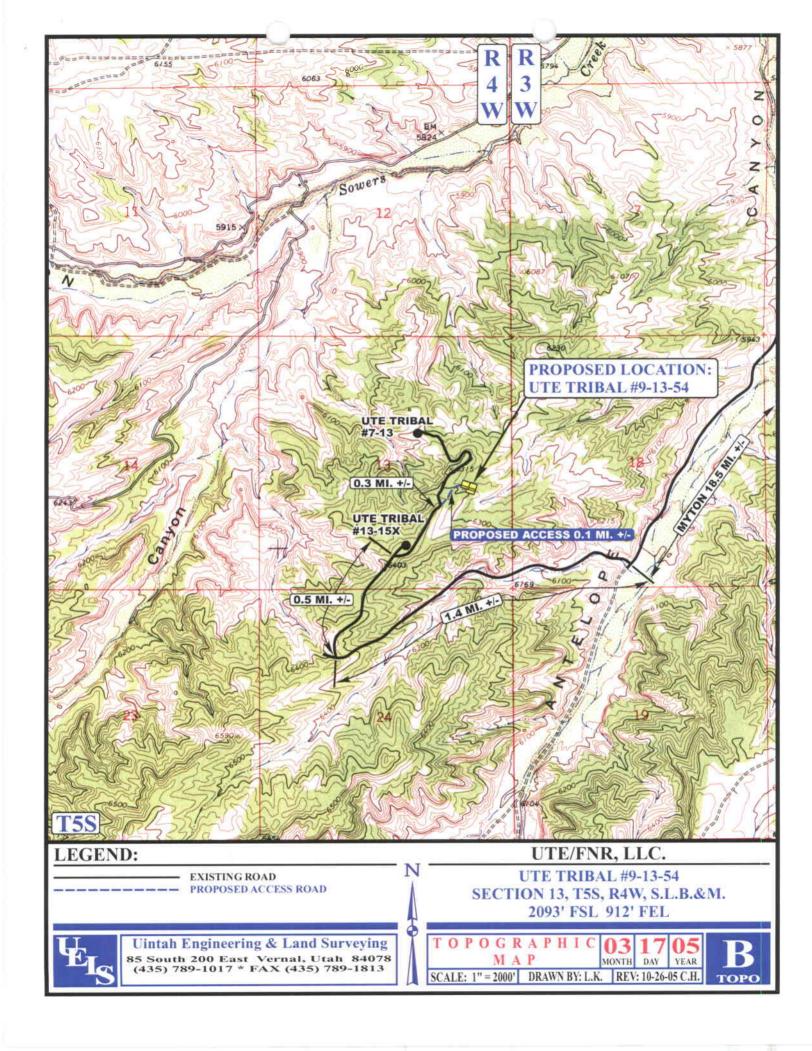
РНОТО

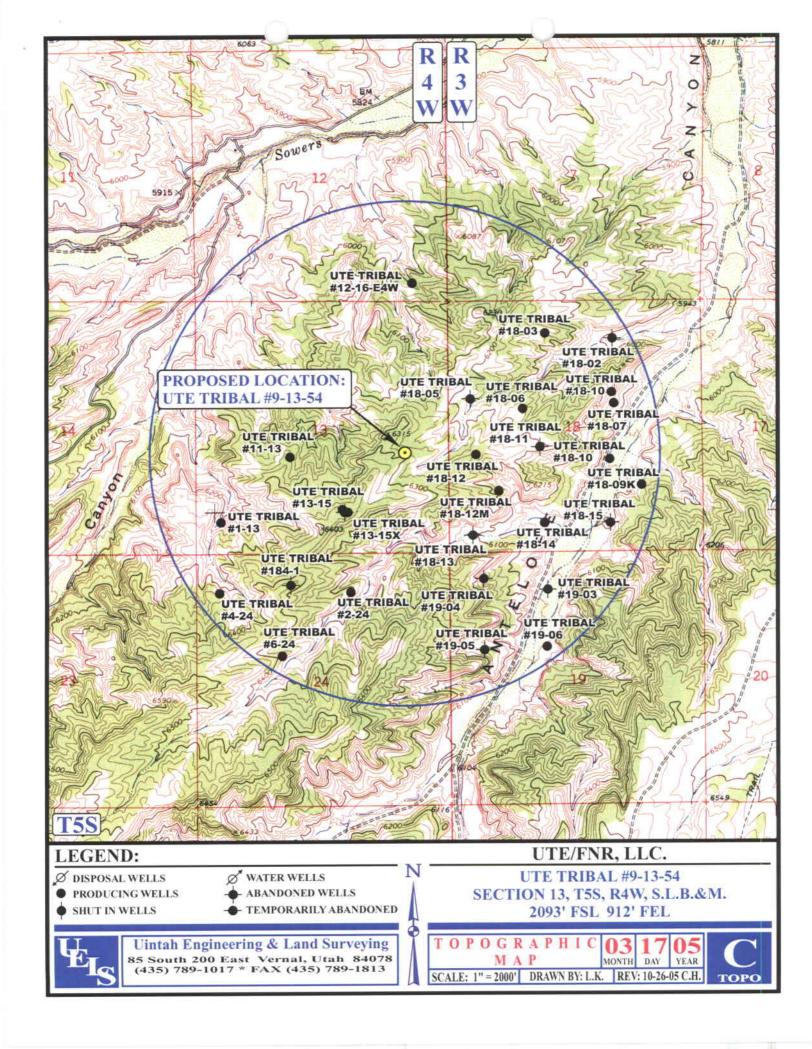
TAKEN BY: S.H. DRAWN BY: L.K. REV: 10-26-05 C.H.

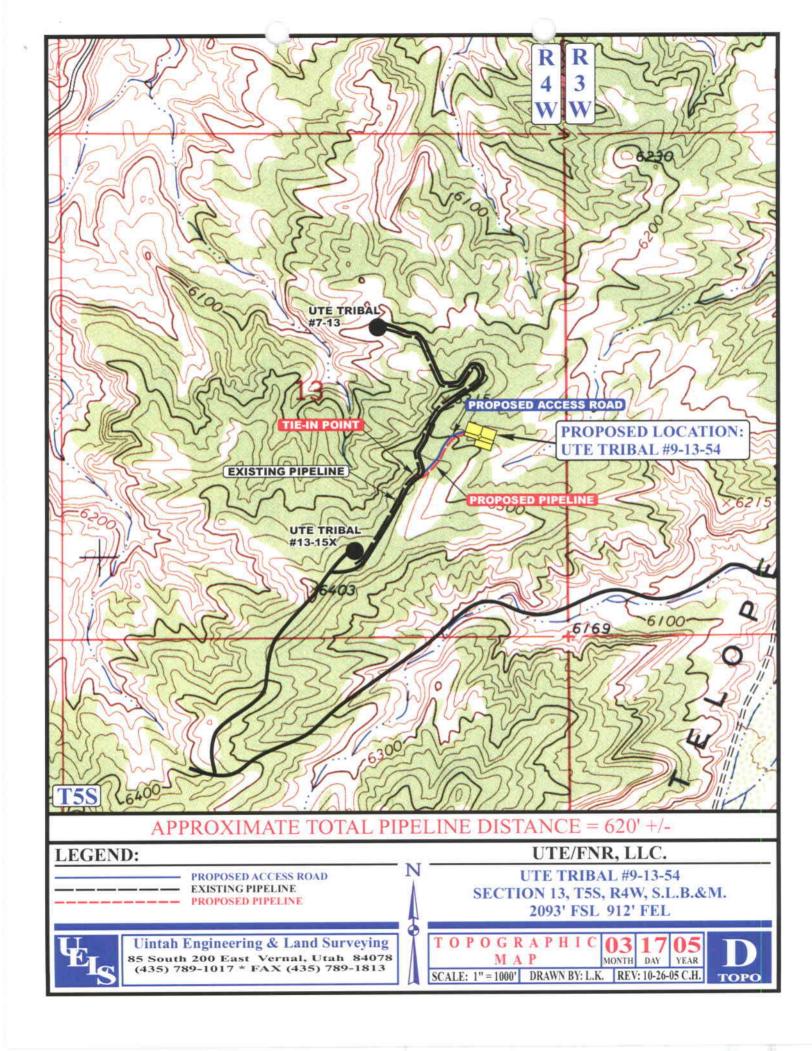












WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/23/2006	API NO. ASSIGNED: 43-013-33078			
WELL NAME: UTE TRIBAL 9-13-54 OPERATOR: FIML NATURAL RESOURCES (N2530) CONTACT: MARK BINGHAM	PHONE NUMBER: 303-893-5073			
PROPOSED LOCATION:	INSPECT LOCATN BY: / /			
NESE 13 050S 040W SURFACE: 2093 FSL 0912 FEL	Tech Review Initials Date			
BOTTOM: 2093 FSL 0912 FEL	Engineering			
COUNTY: DUCHESNE	Geology			
LATITUDE: 40.04506 LONGITUDE: -110.2776	Surface			
UTM SURF EASTINGS: 561624 NORTHINGS: 443279 FIELD NAME: BRUNDAGE CANYON (72)				
LEASE TYPE: 2 - Indian LEASE NUMBER: 14-20-H62-4894 SURFACE OWNER: 2 - Indian RECEIVED AND/OR REVIEWED:	PROPOSED FORMATION: WSTC COALBED METHANE WELL? NO LOCATION AND SITING:			
<pre>Plat Bond: Fed[] Ind[2] Sta[] Fee[]</pre>	R649-2-3.			
(No. 8191-82-71)	Unit:			
Potash (Y/N)	R649-3-2. General			
Oil Shale 190-5 (B) or 190-3 or 190-13	Siting: 460 From Qtr/Qtr & 920' Between Wells R649-3-3. Exception			
Water Permit (No. 43-10152)				
N RDCC Review (Y/N)	Drilling Unit Board Cause No:			
(Date:)	Eff Date:			
N(N) Fee Surf Agreement (Y/N)	Siting:			
<u> </u>	R649-3-11. Directional Drill			
COMMENTS: S.P. Sperate File				
STIPULATIONS: 12 Specing Ship 2- FEDERAL APPROVA				

LITE TRIBAL UTT TRIBAL 12-16-F+W @ T5S R3W **T5S R4W BRUNDAGE CANYON FIELD** UTE TRIBAL 18-04 X UTE TRIBAL 18-04 UTE TRIBAL 18-05 UTE TRIBAL 18-05 ANTELOPE CREEK UTE TRIBAL 5-13-54 ① в UTE TRIBAL UTE TRIBAL UTE TRIBAL UTE TRIBAL LITE TRIBAL 18-12M . UTE TRIBAL 3-18 BC UTE TRIBAL 16-14 UTE TRIBAL 13-15 UTE TRIBAL 13-15X UTE TRIBE 1-13 UTE TRIBAL 18-13 △ UTE TRIBAL 19-04 UTE TRIBAL 2-24-54 UTE TRIBAL **OPERATOR: FIML NAT RES LLC (N2530)** T. 5S R. 4W SEC: 13 **FIELD: BRUNDAGE CANYON (72)** COUNTY: WILLIAM DURINGING Wells Status Utah Oil Gas and Mining SPACING: R649-3-3 / EXCEPTION LOCATION GAS INJECTION GAS STORAGE LOCATION ABANDONED **NEW LOCATION** • Unit Status
EXPLORATORY
GAS STORAGE
NF PP OIL
NF SECONDARY PLUGGED & ABANDONED PRODUCING GAS PRODUCING OIL **Field Status ABANDONED ACTIVE SHUT-IN GAS** COMBINED SHUT-IN OIL PENDING ■ INACTIVE TEMP. ABANDONED × PI OIL PROPOSED **TEST WELL** PP GAS STORAGE WATER INJECTION PP GEOTHERML TERMINATED PP OIL WATER SUPPLY PREPARED BY: DIANA WHITNEY SECONDARY WATER DISPOSAL DATE: 06-MARCH-2006 TERMINATED **DRILLING**



State of Utah

Department of **Natural Resources**

MICHAEL R. STYLER **Executive Director**

Division of Oil, Gas & Mining

> JOHN R. BAZA Division Director

JON M. HUNTSMAN, JR. Governor

> GARY R. HERBERT Lieutenant Governor

> > March 7, 2006

FIML Natural Resources, LLC 410 17th St., Ste. 900 Denver, CO 80202

Re:

Ute Tribal 9-13-54 Well, 2093' FSL, 912' FEL, NE SE, Sec. 13, T. 5 South,

R. 4 West, Duchesne County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-013-33078.

Sincerely,

Gil Hunt

Associate Director

SUZLA

pab **Enclosures**

cc:

Duchesne County Assessor

Bureau of Land Management, Vernal District Office

Operator:	FIML Natural Resources, LLC			
Well Name & Number	Ute Tribal 9-13-54			
API Number:	43-013-33078			
Lease:	14-20-H62-4894			

Sec. 13

Conditions of Approval

T. 5 South

R. 4 West

1. General

Location: <u>NE SE</u>

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

- 4. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
- 5. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.



Form 3160 -3 (April 2004)

FEB : 12006

FORM APPROVED OMB No. 1004-0137 Expires March 31, 2007

UNITED STATES					
DEPARTMENT OF THE 1	5. Lease Serial No.				
BUREAU OF LAND MAN	14-20-H62-4894 6. If Indian, Allotee or Tribe Name				
APPLICATION FOR PERMIT TO	DRILL OR REENTER		6. If indian, Atlotee	or thoe Name	
la. Type of work: DRILL REENTE	er		7 If Unit or CA Agr	eement, Name and No.	
	· ·		8. Lease Name and	Well No.	
lb. Type of Well: Oil Well Gas Well Other	Single Zone ✓ Multi	ple Zone	Ute Tribal 9-13-5	4	
2. Name of Operator			9. API Well No.	22070	
FIML Natural Resources, LLC 3a. Address	3b. Phone No. (include area code)		10. Field and Pool, or		
410 17th Street, Suite 900, Denver, CO 80202	303-893-5073		Brundage Canyon		
4. Location of Well (Report location clearly and in accordance with any				Blk. and Survey or Area	
At surface NESE 2,093' FSL 912' FEL	, ,			·	
At proposed prod. zone Same as above			Sec 13, T5S-R4W, U.S.B.&M.		
14. Distance in miles and direction from nearest town or post office*			12. County or Parish	13. State	
20.8 miles southwest of Myton, Utah			Duchesne	Utah	
15. Distance from proposed* location to nearest property or lease line, ft.	16. No. of acres in lease	17. Spacin	g Unit dedicated to this	well	
(Also to nearest drig. unit line, if any) 912'	19. Proposed Depth	20 BLM/F	40 BIA Bond No. on file		
 Distance from proposed location* to nearest well, drilling, completed, 	15. Proposed Depui	DEATE:	on Local To. On Inc		
applied for, on this lease, ft. 2,427'	6,491'	8191-	-82-71		
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22 Approximate date work will sta	rt*	23. Estimated duration		
6,285' GL (Ungraded)	10/5/2006		Seven days	· · · · · · · · · · · · · · · · · · ·	
	24. Attachments				
The following, completed in accordance with the requirements of Onshor	e Oil and Gas Order No.1, shall be a	ttached to thi	s form:		
 Well plat certified by a registered surveyor. A Drilling Plan. 	4. Bond to cover the ltem 20 above).	he operation	ns unless covered by an	existing bond on file (see	
3. A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office).	Lands, the 5. Operator certifi 6. Such other site authorized offi	specific info	ormation and/or plans as	may be required by the	
25. Signature While I	Name (Printed/Typed) Mark Bingham			Date 02/15/2006	
Title Senior Vice President					
Approved by (Signature)	Name (Printed/Typed) TERRY KEN	ez KA		Date 7-17-2006	
Title Assistant Field Manage Mineral Resources	VERNAL FIE	S OF	FICE		
Application approval does not warrant or certify that the applicant holds conduct operations thereon. Conditions of approval, if any, are attached.	s legal or equitable title to those righ	ts in the sub	ject lease which would o	entitle the applicant to	
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a cr	ime for any person knowingly and	willfully to m	ake to any department of	or agency of the United	

*(Instructions on page 2)

RECEIVED JUL 2 5 2006

Accepted by the Utah Division of Oil, Gas and Mining

FOR RECORD ONLY OF OIL DAS A MINING



UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT VERNAL FIELD OFFICE

170 South 500 East VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: FIML Natural Resources LLC Location: NESE, Sec 13, T5S, R4W

Well No: Ute Tribal 9-13-54 Lease No: 14-20-H62-4894

API No: 43-013-33078 Agreement: N/A

Petroleum Engineer: Matt Baker Office: 435-781-4490 Cell: 435-828-4470 Petroleum Engineer: Office: 435-781-4432 Michael Lee Cell: 435-828-7875 Supervisory Petroleum Technician: Office: 435-781-4502 Jamie Sparger Cell: 435-828-3913 **Environmental Scientist:** Paul Buhler Office: 435-781-4475 Cell: 435-828-4029 **Environmental Scientist:** Karl Wright Office: 435-781-4484 Natural Resource Specialist: Scott Ackerman Office: 435-781-4437 Natural Resource Specialist: Chris Carusona Office: 435-781-4441 Natural Resource Specialist: Melissa Hawk Office: 435-781-4476 Natural Resource Specialist: Holly Villa Office: 435-781-4404 After Hours Contact Number: 435-781-4513 Fax: 435-781-4410

A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR FIELD REPRESENTATIVE TO INSURE COMPLIANCE

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.

NOTIFICATION REQUIREMENTS

Location Construction -	Forty-Eight (48) hours prior to construction of location and
(Notify Melissa Hawk)	access roads.

Location Completion - Prior to moving on the drilling rig. (Notify Melissa Hawk)

Spud Notice - Twenty-Four (24) hours prior to spudding the well. (Notify Petroleum Engineer)

Casing String & Cementing - Twenty-Four (24) hours prior to running casing and cementing all casing strings.

BOP & Related Equipment Tests - Twenty-Four (24) hours prior to initiating pressure tests. (Notify Jamie Sparger SPT)

First Production Notice - Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

Page 2 of 6 Well: Ute Tribal 9-13-54 7/13/2006

SURFACE USE PROGRAM CONDITIONS OF APPROVAL (COAs)

General Conditions of Approval

- A <u>572.35</u>' by <u>30</u>' foot corridor right-of-way shall be approved. Upon completion of each pipeline in corridor, they shall be identified and filed with the Ute Tribe.
- A qualified Archaeologist accompanied by a Tribal Technician will monitor trenching construction of pipeline.
- The Ute Tribe Energy & Minerals Department is to be notified, in writing 48 hours prior to construction of pipeline.
- Construction Notice shall be given to the department on the Ute Tribe workdays, which are Monday through Thursday. The Company understands that they may be responsible for costs incurred by the Ute Tribe after hours.
- The Company shall inform contractors to maintain construction of pipelines within the approved ROWs.
- The Company shall assure the Ute Tribe that "ALL CONTRACTORS, INCLUDING SUB-CONTRACTORS, LEASING CONTRACTORS, AND ETC." have acquired a current and valid Ute Tribal Business License and have "Access Permits" prior to construction, and will have these permits in all vehicles at all times.
- You are hereby notified that working under the "umbrella" of a company does not allow you to be in the field, and can be subject to those fines of the Ute Tribe Severance Tax Ordinance.
- Any deviation of submitted APDs and ROW applications the Companies will notify the Ute Tribe and BIA in writing and will receive written authorization of any such change with appropriate authorization.
- The Company will implement "Safety and Emergency Plan." The Company's safety director will
 ensure its compliance.
- All Company employees and/or authorized personnel (sub-contractors) in the field will have approved applicable APD's and/or ROW permits/authorizations on their person(s) during all phases of construction.
- All vehicular traffic, personnel movement, construction/restoration operations shall be confined
 to the area examined and approved, and to the existing roadways and/or evaluated access
 routes.
- All personnel shall refrain from collecting artifacts, any paleontological fossils, and from disturbing any significant cultural resources in the area.
- The personnel from the Ute Tribe Energy & Minerals Department shall be notified shall cultural remains from subsurface deposits be exposed or identified during construction. All construction will cease.

Page 3 of 6 Well: Ute Tribal 9-13-54 7/13/2006

• All mitigative stipulations contained in the Bureau of Indian Affairs Site Specific Environmental Assessment (EA) will be strictly adhered.

• Upon completion of Application for Corridor Right-Way, the company will notify the Ute Tribe Energy & Minerals Department, so that a Tribal Technician can verify Affidavit of Completion.

Page 4 of 6 Well: Ute Tribal 9-13-54 7/13/2006

DOWNHOLE CONDITIONS OF APPROVAL

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

1. None

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well. Any changes in operation must have prior approval from the BLM, Vernal Field Office Petroleum Engineers.
- 2. The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- 3. <u>Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.</u>
- 4. Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.

All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.

BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.

Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.

No aggressive/fresh hard-banded drill pipe shall be used within casing.

- 5. All shows of fresh water and minerals shall be reported and protected. A sample shall be taken of any water flows and a water analysis furnished the BLM, Vernal Field Office. All oil and gas shows shall be adequately tested for commercial possibilities, reported, and protected.
- 6. No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM, Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM, Vernal Field Office shall be obtained and notification given before resumption of operations.
- 7. Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a

Page 5 of 6 Well: Ute Tribal 9-13-54 7/13/2006

weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.

Any change in the program shall be approved by the BLM, Vernal Field Office. "Sundry Notices and Reports on Wells" (Form BLM 3160-5) shall be filed for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Emergency approval may be obtained orally, but such approval does not waive the written report requirement. Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan pursuant to Onshore Oil & Gas Order No. 1 of 43 CFR 3164.1 and prior approval by the BLM, Vernal Field Office.

In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.

8. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

A cement bond log (CBL) will be run from the production casing shoe to the surface casing shoe and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.

- 9. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease shall have prior written approval from the BLM, Vernal Field Office.
 - All measurement points shall be identified as point of sales or allocation for royalty determination prior to the installation of facilities.
- 10. Oil and gas meters shall be calibrated in place prior to any deliveries. The Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM, Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement.

Page 6 of 6 Well: Ute Tribal 9-13-54 7/13/2006

- 11. A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM, Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- 12. This APD is approved subject to the requirement that, should the well be successfully completed for production, the BLM, Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - a. Operator name, address, and telephone number.
 - b. Well name and number.
 - c. Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - d. Date well was placed in a producing status (date of first production for which royalty will be paid).
 - e. The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - f. The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - g. Unit agreement and / or participating area name and number, if applicable.
 - h. Communitization agreement number, if applicable.
- 13. Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from Field Office Petroleum Engineers.
- 14. All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A shall be reported to the BLM, Vernal Field Office. Major events as defined in NTL3A, will be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production
- 15. Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- 16. Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

STATE OF UTAH

		STATE OF UTAH	2050		to a war and some a	Ç jara	FORM 9	
DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING				5. LEASE DESIGNATION AND SERIAL NUMBER: 14-20-H62-4894				
	SHNDBA	NOTICES AND REPORTS	3 0	N WFI	LS		DIAN, ALLOTTEE OR TRIBE NAME:	
	JOHDIN	HOTIOZO AND INCI OINT	.			Ute	or CA AGREEMENT NAME:	
Do n	ot use this form for proposals to drill n	new wells, significantly deepen existing wells below cun aterals. Use APPLICATION FOR PERMIT TO DRILL for	rent bot	tom-hole dep	th, reenter plugged wells, or to	1	of of foreigners to the	
1. TY	DE OF WELL		OIIII IOI	Sucii propose		8. WELL NAME and NUMBER:		
-	OIL WELL	GAS WELL OTHER _				Ute Tribal 9-13-54		
	ME OF OPERATOR: 1L Natural Resources,	II.C					NUMBER: 1333078	
	DRESS OF OPERATOR:	- AND 1-1			PHONE NUMBER:		LD AND POOL, OR WILDCAT:	
		Y Denver STATE CO ZIP	802	02	(303) 893-5090	Brui	ndage Canyon	
	CATION OF WELL	FC: 042! EE!				COLINIT	Y: Duchesne	
FO	OTAGES AT SURFACE: 2,093'	FSL 912 FEL				COUNT	T. Ducheshe	
QT	R/QTR, SECTION, TOWNSHIP, RAN	NGE, MERIDIAN: NESE 13 5S 4	W			STATE:	UTAH	
11.	CHECK APP	ROPRIATE BOXES TO INDICAT	E N	ATURE	OF NOTICE, REPO	RT, O	R OTHER DATA	
T	TYPE OF SUBMISSION				YPE OF ACTION			
V	NOTICE OF INTENT	ACIDIZE		DEEPEN			REPERFORATE CURRENT FORMATION	
W	NOTICE OF INTENT (Submit in Duplicate)	ALTER CASING		FRACTURE	TREAT		SIDETRACK TO REPAIR WELL	
	Approximate date work will start:	CASING REPAIR		NEW CONS	TRUCTION		TEMPORARILY ABANDON	
	5/1/2007	CHANGE TO PREVIOUS PLANS		OPERATOR	R CHANGE		TUBING REPAIR	
		CHANGE TUBING		PLUG AND	ABANDON		VENT OR FLARE	
		CHANGE WELL NAME		PLUG BACK	(WATER DISPOSAL	
	(Submit Original Form Only)	CHANGE WELL STATUS		PRODUCTI	ON (START/RESUME)		WATER SHUT-OFF	
	Date of work completion:	COMMINGLE PRODUCING FORMATIONS		RECLAMAT	ION OF WELL SITE	\mathbf{Z}	отнея: Request for drilling	
		CONVERT WELL TYPE		RECOMPLE	TE - DIFFERENT FORMATION		permit extension	
12.	DESCRIBE PROPOSED OR CO	OMPLETED OPERATIONS. Clearly show all p	ertine	nt details in	cluding dates, depths, volum	es, etc.		
		LLC requests the permit to drill b					took to get the BLM permit.	
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		Utah Division	of					
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NAM	E (PLEASE PRINT) Cassandr	ra Parks		TITI	Operations Assis	stant		
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SIGN	IATURE And	12		DA	Z/2/2007			

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FEB 0 5 2007

Application for Permit to Drill Request for Permit Extension Validation

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-013-33078 Well Name: Ute Tribal #9-13-54 Location: NESE 2,093' FSL 912' FEL Sec 13 T5S R4W Company Permit Issued to: FIML Natural Resources, LL Date Original Permit Issued: 3/7/2006	.C
The undersigned as owner with legal rights to drill on the above, hereby verifies that the information as submitted approved application to drill, remains valid and does no	l in the previously
Following is a checklist of some items related to the apprecified.	olication, which should be
If located on private land, has the ownership changed, i agreement been updated? Yes ☐ No ☐	if so, has the surface
Have any wells been drilled in the vicinity of the proposithe spacing or siting requirements for this location? Yes	
Has there been any unit or other agreements put in place permitting or operation of this proposed well? Yes□No	
Have there been any changes to the access route inclu of-way, which could affect the proposed location? YesE	
Has the approved source of water for drilling changed?	Yes□No☑
Have there been any physical changes to the surface low which will require a change in plans from what was discevaluation? Yes□No☑	ocation or access route cussed at the onsite
Is bonding still in place, which covers this proposed well	ll? Yes☑No□
Canal D	2/2/2007
Signature	Date
Title: Operations Assistant	
Representing: FIML Natural Resources, LLC	المواقع الحرارة الحرارة المحرارة المحرارة المحرارة المحرارة المحرارة المحرارة المحرارة المحرارة المحرارة المحر المحرارة المحرارة الم وهم المحرارة



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 6, 2008

Cassandra Parks FIML Natural Resources, LLC 410 17TH Street Ste. 900 Denver, CO 80202

Re:

<u>APD Rescinded – Ute Tribal 9-13-54, Sec. 13, T. 5S, R. 4W</u>

Duchesne County, Utah API No. 43-013-33078

Dear Ms. Parks:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on March 7, 2006. On February 7, 2007 the Division granted a one-year APD extension. On February 28, 2008 you requested that the division rescind the state approved APD. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective February 28, 2008.

A new APD must be filed with this office for approval <u>prior</u> to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason

Environmental Scientist

1 Mason

cc:

Well File

Bureau of Land Management, Vernal





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office 170 South 500 East Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410 http://www.blm.gov/ut/st/en/fo/vernal/html



IN REPLY REFER TO: 3160 UT08300

April 23, 2008

Cassandra Parks FIML Natural Resources, LLC 410 17th Street, Suite 900 Denver, CO 80202 43-013-33018

Re:

Notice of Expiration

Well No. Ute Tribal 9-13-54 NESE, Sec. 13, T5S, R4W Duchesne County, Utah Lease No. 14-20-H62-4894

Dear Ms. Parks:

The Application for Permit to Drill the above-referenced well was approved on July 17, 2006. No extension of the original APD was requested. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

If you have any questions regarding this matter, please contact me at (435) 781-4455.

Sincerely,

Cindy Severson

Cindy Severson Land Law Examiner

CC:

UDOGM BIA

RECEIVED

APR 2 8 2008

DIV. OF OIL, GAS & MINING